

STAT

Approved For Release 2003/05/27 : CIA-RDP84-00780R003400080029-8

Approved For Release 2003/05/27 : CIA-RDP84-00780R003400080029-8

SECRET

DD/S REGISTRY

FILE *QFM 2-1*

26 NOV 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting on Response to the IG Survey of the Office of Logistics

1. At 1415, 25 November 1969, Mr. Bannerman met with Messrs. Coffey, Meloon, Blake and [] on the above subject. Mr. Meloon passed out a draft response for DD/S signature to Executive Director-Comptroller. Mr. Meloon opened the discussion by pointing out that the survey finding centered on major criticisms -- OL personnel management and the procurement function. He admitted that, in general, findings in the personnel field are valid, but states that the organization of procurement is a policy matter. Mr. Meloon noted that when the survey started, the Agency was still in the process of implementing the recommendation, stemming from the [] Report, of decentralizing contracting through the establishment of independent contracting teams in the other three Directorates. As an over-all judgment, Mr. Meloon believes that the present organization should be permitted to function and settle for a year after which a new look might be taken to see if a move back toward centralization is in order.

25X1

2. Mr. Bannerman inquired whether there is evidence that the independent contracting teams are or are not working well. Messrs. Meloon and Blake responded that the evidence is in their favor and Mr. Blake referred to the DDS&T's memorandum of 10 June 1969 (quoted in the draft response) to ExDir on the subject of Independent Contract Teams in the DDS&T.

3. Mr. Meloon, turning to the report's proposal regarding Fitness Reports, when any DD/S careerist is assigned to some other office, his Fitness Report is prepared by his superior in that component. The IG recommendation is contrary to this policy and if adopted, would erode command authority.

4. On the subject of NRO contracting, Mr. Blake advanced a number of reasons against accepting the IG recommendation that NRO contracting executed by OSP be brought under the Director of Logistics, at least for policy review. He emphasized that the Director did not wish to have Agency - NRO arrangements disturbed.

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

K1

~~SECRET~~

5. Mr. Bannerman inquired whether there are specific issues in the report about which there may be new evidence and which are contrary to the proposed response prepared by OL. Messrs. Meloon and Blake responded negatively and called attention to the fact that the report is generally silent about how well OL functions and criticized only the management structure in the procurement field.

6. Mr. Coffey questioned whether there is any particular problem with the position of Chief, Procurement Division. Mr. Blake responded that the responsibility of this Division has been eroded through the establishment of the teams. He also called attention to the formation of a new group, the Agency Procurement Panel consisting of the Heads of the contracting teams with the function of recommending procurement policies.

7. The recommendations were then taken up in sequence (11, 12, 16, and 24 having been covered in the general section of the draft response).

Recommendation 1 - The survey pointed out that the OL Career Board is not operative. Mr. Warfield had abolished voting on promotion and assignments. Personnel of Supply Division are primarily affected. Mr. Meloon uses the Board for personnel policy matters. On promotions and assignments, he has the OL Personnel Officer and the Division Chief prepare recommendations for him and he makes a selection. Mr. Blake may return to the panel system.

Recommendation 1.a., b and d - Mr. Bannerman suggested that the response could make reference to the fact that the establishment of one or more Career Service Panels is again under consideration.



25X

Recommendation 2 - o.k. as drafted.

Recommendation 3 - o.k. as drafted.

Recommendation 4 - o.k. as drafted. (A final response requires additional information to be secured by Mr. Blake from Dr. Chamberlain).

Recommendation 5 - The statement should refer to the intimate and logical relation of safety and security.

~~SECRET~~

SECRET

Recommendation 6 - o.k.

Recommendation 7 - Redraft to say that OL disposal of surplus ammunition is the latest development of a continuing disposal program. Regarding weapons, "We are now turning our attention to the disposal of surplus weapons but it will require some time to accomplish."

Recommendation 8 - If the SIPS system, upon becoming operative, were not planning to abolish the distinction between type I, II and III accounts, the recommendation would make sense. With SIPS, however, OL would have to start over in two years. Mr. Bannerman suggested that the response refer to the expectation SIPS will become operative in 1972 and that implementation of the recommendation would require a costly and temporary expedient.

Recommendation 9 - Amend to state that the system is working well and it avoids the need for a separate entity. Cut out "We see nothing sacred" and replace it with "it is not necessary that."

Recommendation 10 - Mr. Blake will redraft the statement to include the substance of the two tables. He admitted that there is some duplication but that geographic location makes it justifiable. SIPS will also impact on this recommendation. Mr. Meloon commented that at one time requisitions came into four or five separate elements of OL from other Agency components and that no central control existed, making it necessary to telephone any or all of the elements in order to trace a requisition. The present system enables OL to maintain follow-up action and has resulted in improved customer relations. He also stated that most of the duplication found in the recommendation is one of duplicating paper.

Recommendations 11 & 12 - The effect of this recommendation would make D/Logistics responsible for NRO procurement conducted by the Agency. Mr. Bannerman suggested that paragraph 7 of the response be compressed considerably and that the reference of the two roles of the DCI be deleted.

Recommendation 13 - The recommendation should refer to the fact that an invitation has been extended to the OSP and OSA contract officers and that they are aware of the time and place of the monthly meetings of procurement officers.

Recommendations 14 & 15 - The current system meets with the full approval of Office of Communications so it is not necessary to create a DD/S contracting team. Delete the last sentence of the proposed response.

SECRET

SECRET

Recommendation 16 - See above comments on preparation of Fitness Reports by the supervising component.

Recommendation 17 - Recommendation apparently designed to give proposed new A-Director of Logistics for Contracting a full platter. Mr. Bannerman suggested that the response should refer to past efforts to expedite settlement of contracts and note that this effort will be continued.

Recommendation 18 - Messrs. Meloon and Blake see absolutely no advantage in the recommendation. At one time the practice was for OL to function as a centralized point of contact for Headquarters with the [redacted]

25X1

[redacted] This caused delays and so the practice was changed.

X1

Recommendation 19 - Mr. Bannerman inquires whether ACORN and CONIF would merge. Mr. Blake responded that the SIPS team had looked into this question and decided that two separate systems were more advantageous. He noted that CONIF will incorporate the contract evaluation feature of ACORN. After further discussion comparing the two systems, Mr. Bannerman approved the draft response.

Recommendation 20 - Mr. Bannerman indicated that a status report of how CRB is functioning should be prepared. In line 8 of the draft, reference should be made to CRB's initial state of operation. Omit the phrase, "force feed." Mr. Bannerman also believes that since the purpose of CRB is to advise the D/Logistics in the policy field, the Board should report to the D/Logistics and the response should indicate that the annual report will be submitted to the D/Logistics who will forward it to senior Agency management. In the last paragraph of the draft response, drop the phrase "we suspect."

Recommendation 21 - There was considerable discussion of the background of the authorization of the CRB. Mr. Bannerman indicated that the response should be revised to say that the D/Logistics has authority to bring to the CRB's attention all classes of contracts including production contracts. The CRB has, however, taken the position that its first focus of attention should be on R&D contracts.

Recommendation 22 - Rephrase to say that while we do not disagree with the suggested threshold of 250 K, the limit chosen for the CRB is deliberately consistent with the threshold set on the Deputy Directors' approval and that CRB cognizance can be adjusted when changes are made in the Deputy Directors' approval authority.

SECRET

SECRET

Recommendation 23 - The subject of access to sensitive information has not been a problem to CRB. Revise to say this and to add that technical officers and information are available, within the restraints of "need to know," to permit CRB to undertake its legitimate function. In the one instance cited in the Report, the Board agreed that a limitation on the information made available was in order. Therefore, it is not necessary to seek additional authority in this field.

Recommendation 24 - Mr. Bannerman pointed out that the DD/S looks to the D/Logistics as the responsible Agency officer for all contracting actions of the Agency, and that the CRB is advisory to the D/Logistics. He does not want the CRB reporting to him.



Support Operations Staff/DDS

25X

5X1 DD/S-SOS: (2 December 1969)

Distribution:

Orig - DD/S Subj (via Mr. Bannerman & Mr. Coffey)

1 - D/OL

1 - DD/S Chrono

4 -Mr.

5X1

SECRET

1
SOS
Chrono